

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

MLCJR LLC, *et al.*,¹

Debtors.

Chapter 7

Case No. 23-90324 (CML)

Jointly Administered

**SECOND QUARTERLY REPORT AND SUMMARY OF OPERATIONS
UNDER 11 U.S.C. § 704(a)(8) FOR PERIOD OF AUGUST THROUGH OCTOBER 2024**

Michael D. Warner, solely in his capacity as the chapter 7 trustee (the “Trustee”) for the above captioned administratively consolidated estates submits this *Second Quarterly Report and Summary of Operations Under 11 U.S.C. § 704(a)(8) for Period of August Through October 2024* (the “Quarterly Operations Report”) and respectfully avers as follows:

GENERAL BACKGROUND

1. On May 14, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (“Court”). The Debtors’ bankruptcy cases (collectively, the “Bankruptcy Cases”) were “consolidated for procedural purposes only” on May 16, 2023, and have since been jointly administered under Case No. 23-90324.² Thereafter, on February 28, 2024, the Debtors’ Bankruptcy Cases were converted to chapter 7 of the Bankruptcy Code.³

¹ The debtors in these cases (collectively, the “Debtors”), along with the last four digits of each Debtor’s federal tax identification number, are: MLCJR LLC (0875); Cox Oil Offshore, L.L.C. (7047); Cox Operating, L.L.C. (0939); Energy XXI GOM, LLC (0027); Energy XXI Gulf Coast, LLC (8595); EPL Oil & Gas, LLC (9562); and M21K, LLC (3978). The Debtors’ address is 4514 Cole Ave. Suite 1175, Dallas, Texas 75205.

² Doc. No. 103. Unless otherwise specified, Doc. Nos. refer to Case No. 23-90324.

³ Doc. No. 1720.

2. The following day, the United States Trustee appointed Randy W. Williams as interim trustee. On April 25, 2024, Amarillo National Bank, in its capacity as the administrative agent and collateral agent, and acting at the direction of the Debtor-In Possession Lenders, filed that certain *Emergency Motion for Entry of Agreed Order Resolving Disputed Election of Trustee Pursuant to Federal Rule of Bankruptcy Procedure 2003 and Enforcing Trustee Election Results*.⁴ In turn, the Court, on May 6, 2024, the Court entered that certain *Agreed Order Resolving Disputed Election of Trustee Pursuant to Federal Rule of Bankruptcy Procedure 2003 and Enforcing Trustee Election Results* providing that “Michael D. Warner shall be the permanent chapter 7 trustee in these Cases, subject to Mr. Warner’s ability to qualify under 11 U.S.C. § 322(a).”⁵ Two days later, the Trustee filed that certain *Notice of Bond and Acceptance of Election* thereupon becoming the duly elected permanent chapter 7 Trustee.⁶

SUMMARY OF OPERATIONS

3. Pursuant to 11 U.S.C. § 704(a)(8),⁷ the Trustee provides the following periodic summary of operations for the months of August, September, and October of 2024 (the “Period”):

- a. Regulatory Issues. The Trustee and his professionals continued evaluating maintenance and monitoring obligations, and other regulatory issues relating to Estate assets, and communicated with contractors and regulatory agencies regarding these matters. Further, the Trustee continued analyzing and evaluating relinquishment, decommissioning, and abandonment issues concerning the remaining Estate assets, which led to the Trustee filing

⁴ Doc. No. 1850.

⁵ Doc. No. 1919.

⁶ Doc. No. 1996.

⁷ 11 U.S.C. § 708(a)(8) (noting the trustee shall “if the business of the debtor is authorized to be operated, file with the court, with the United States trustee, and with any governmental unit charged with responsibility for collection or determination of any tax arising out of such operation, periodic reports and summaries of the operation of such business, including a statement of receipts and disbursements, and such other information as the United States trustee or the court requires”).

that certain *Trustee's Motion to (I) Abandon Certain Federal and State Oil and Gas Leases, Rights-of-Use and Easement, and Rights-of-Way and Any Interests Related Thereto Under 11 U.S.C. § 554 (II) Reject Any Related Existing Executory Contracts Under 11 U.S.C. § 365, and (III) Approve the Trustee's Anticipated Compromise Under Bankruptcy Rule 9019 With the United States Department of the Interior* (the "Abandonment Motion").⁸

And during this Period, the Trustee continued communicating and negotiating with regulators and others regarding these matters.

- b. Independent Contractors. The Trustee continues to employ, and communicate with, several independent contractors which are necessary for maintenance, monitoring, recordkeeping, general assistance, and knowledge regarding operations.
- c. Natural Resources Worldwide. During this Period, the Trustee continued his analysis of NRW's compliance with their regulatory obligations and communicated with regulatory agencies regarding NRW's compliance issues, certification and royalty matters.
- d. Asset Evaluation. The Trustee evaluated Estate assets that could be liquidated, and continued negotiations with the Debtor's DIP Lenders to obtain a carve-out for the Estate of assets sold subject to their security interests. Additionally, the Trustee continued analyzing the structure of several non-debtor subsidiaries (the "NDS") who's equity interests were held by the Estates and who own property that was of interest to certain parties. To confirm the extent of his authority over the NDS, the Trustee filed that certain Emergency Motion for Order Authorizing the Trustee to Exercise Corporate Authority

⁸ Doc. No. 2216.

Over Wholly-Owned Non-Debtor Subsidiaries and Granting Related Relief,⁹ which the Court granted on October 23, 2024.¹⁰

- e. Predecessors and Others. The Trustee continued communicating with predecessors-in-interest regarding their access to Estate records and coordinated with Veritrust regarding their access. The Trustee further analyzed setoff, recoupment, stay relief and other issues with respect to certain creditors.
- f. Estate Records. The Trustee facilitated certain predecessors-in-interest's access to Estate records, provided a confidentiality agreement was executed. Additionally, the Trustee dealt with matters concerning the storage of physical and electronic records of the Estates.

RECEIPTS & DISBURSEMENTS

4. Attached hereto as **Exhibit "A"** is the Trustee's *Form 2 Cash Receipts and Disbursements Record* ("Form 2") for the Period.

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⁹ Doc. No. 2234.

¹⁰ Doc. No. 2269.

Dated: March 24, 2025

Respectfully submitted,

By: /s/ Paul Douglas Stewart, Jr.

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***Counsel for Michael D. Warner,
Chapter 7 Trustee***

CERTIFICATE OF SERVICE

I hereby certify that on March 24, 2025, a true and correct copy of the above and foregoing pleading was electronically mailed to the parties that are registered or otherwise entitled to receive electronic notices in this case pursuant to the Electronic Filing Procedures in this District, including the United States Trustee and counsel for the Debtors.

/s/ Paul Douglas Stewart, Jr.

Paul Douglas Stewart, Jr.

Form 2

Cash Receipts And Disbursements Record

Page: 1

Case No.: 23-90324
Case Name: MLCJR, LLC
Taxpayer ID #: **-*0875
For Period Ending: 10/31/2024

Trustee Name: Michael D. Warner (631470)
Bank Name: Metropolitan Commercial Bank
Account #: *****9687 Checking
Blanket Bond (per case limit): N/A
Separate Bond (if applicable): \$4,000,000.00

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
08/05/24		North Lane Technologies, Inc.	Credit	1290-000	430.33		1,192,679.67
08/05/24		North Lane Technologies, Inc.	DirectTV Credit	1290-000	298.83		1,192,978.50
08/05/24		North Lane Technologies, Inc.	DirectTV Credit	1290-000	315.31		1,193,293.81
08/05/24	139	Veritrust	Invoice #1127216	2990-000		28,131.89	1,165,161.92
08/05/24	140	Dartpoints	Invoice #s: 131630, 131374 & 132617	2990-000		8,162.20	1,156,999.72
08/05/24	141	Compliance Technology Group	Invoice #9985	2990-000		10,171.00	1,146,828.72
08/05/24	142	NJZ Computer Services, LLC	Weeks Ending: 7/5/24, 7/12/24; 7/19/24 & 7/26/24	2990-000		2,775.00	1,144,053.72
08/05/24	143	Manta Ray Gathering Company L.L.C.	Invoice #305908238	2990-000		18,845.98	1,125,207.74
08/05/24	144	TRDKyes & Co, LLC	M&M Contract Labor (July 2024)	2990-000		42,600.00	1,082,607.74
08/05/24	145	Johnny Robinson	M&M Contract Labor (July 2024)	2990-000		2,500.00	1,080,107.74
08/05/24	146	Lawrence Boyd	M&M Contract Labor (July 2024)	2990-000		10,400.00	1,069,707.74
08/05/24	147	Michael Graham	M&M Contract Labor (July 2024)	2990-000		8,970.00	1,060,737.74
08/05/24	148	Stewart Robbins Brown & Altazan, LLC	Monthly Fee Statement (June 2024) 80% fees/100% expenses	7100-000		123,296.78	937,440.96
08/05/24	149	TPS - West, LLC	Monthly Fee Statement (June 2024) 80% fees/100% expenses	7100-000		9,796.09	927,644.87
08/05/24	150	Pachulski Stang Ziehl & Jones LLP	Monthly Fee Statement (June 2024) - 80% fees	7100-000		6,760.36	920,884.51
08/26/24		North Lane Technologies Inc.	DirectTv Refund Credit	1290-000	1,561.77		922,446.28
09/05/24	151	Dartpoints	Inv #132874	2990-000		3,359.00	919,087.28
09/05/24	152	Compliance Technology Group	Invoices 10019 & 10055	2990-000		12,467.00	906,620.28
09/05/24	153	NJZ Computer Services, LLC	W/E 8.2.24, 8.9.24, 8.16.24, 8.23.24 and 8.30.24	2990-000		4,575.00	902,045.28
09/05/24	154	Clean Gulf Associates	4th Quarter	2990-000		5,000.00	897,045.28
09/05/24	155	Stewart Robbins Brown & Altazan, LLC	July 2024 monthly fee statement (80% fees/100% expenses)	7100-000		105,512.21	791,533.07
09/05/24	156	TPS - West, LLC	July monthly fee statement (80% fees/100% expenses)	7100-000		5,885.26	785,647.81
09/05/24	157	TRDKyes & Co, LLC	August 2024 services	2990-000		35,200.00	750,447.81
09/05/24	158	Johnny Robinson	August 2024 services	2990-000		2,500.00	747,947.81
09/05/24	159	Lawrence Boyd	August 2024 services	2990-000		10,400.00	737,547.81
09/05/24	160	Michael Graham	August 2024 services	2990-000		8,970.00	728,577.81
10/09/24		To Account #*****3772	Settlement Funds Transfer	9999-000		100,000.00	628,577.81
10/21/24	161	Dartpoints	Invoices 133867, 134119, 135179 & 135180	2990-000		11,521.20	617,056.61

Page Subtotals: **\$2,606.24** **\$577,798.97**

{ } Asset Reference(s)

! - transaction has not been cleared

Form 2
Cash Receipts And Disbursements Record

Page: 2

Case No.: 23-90324

Case Name: MLCJR, LLC

Taxpayer ID #: **-*0875

For Period Ending: 10/31/2024

Trustee Name: Michael D. Warner (631470)

Bank Name: Metropolitan Commercial Bank

Account #: *****9687 Checking

Blanket Bond (per case limit): N/A

Separate Bond (if applicable): \$4,000,000.00

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
10/21/24	162	Compliance Technology Group	Inv #10055 & 10090	2990-000		3,696.00	613,360.61
10/21/24	163	NJZ Computer Services, LLC	W/E: 9.13.24, 9.20.24, 9.27.24, 10.4.24, and 10.11.24	2990-000		3,675.00	609,685.61
10/21/24	164	Veritrust	Inv #s 1128308, 1129406, and 1130440	2990-000		44,316.78	565,368.83
10/21/24	165	FileLink	Inv #s 208567, 209599, and 209839	2990-000		9,352.00	556,016.83
10/21/24	166	Stewart Robbins Brown & Altazan, LLC	August 2024 Fee Statement (Dkt. 2241 - 80% fees/100% expenses)	7100-000		140,171.49	415,845.34
10/21/24	167	TPS - West, LLC	August 1-31 Fee Statement (Dkt. 2242) - 80% Fees/100% Expenses	7100-000		4,067.20	411,778.14
10/21/24	168	Pachulski Stang Ziehl & Jones LLP	July 1 - August 31, 2024 Fee Statement (Dkt. 2211) - 80% Fees: \$9,469.95	2100-000		9,469.95	402,308.19
10/21/24	169	TRDkyes & Co, LLC	September Invoice	2990-000		27,800.00	374,508.19
10/21/24	170	Johnny Robinson	September Invoice	2990-000		2,500.00	372,008.19

Account					
	Balance Forward	1,192,249.34			
4	Deposits	2,606.24	32	Checks	722,847.39
0	Interest Postings	0.00	0	Adjustments Out	0.00
	Subtotal	1,194,855.58	1	Transfers Out	100,000.00
0	Adjustments In	0.00		Total	822,847.39
0	Transfers In	0.00			
	Total	1,194,855.58			

Page Subtotals: \$0.00 \$0.00

Form 2
Cash Receipts And Disbursements Record

Page: 3

Case No.: 23-90324

Case Name: MLCJR, LLC

Taxpayer ID #: **-*0875

For Period Ending: 10/31/2024

Trustee Name: Michael D. Warner (631470)

Bank Name: Metropolitan Commercial Bank

Account #: *****5635 Cash Collateral

Blanket Bond (per case limit): N/A

Separate Bond (if applicable): \$4,000,000.00

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
10/18/24		Natural Resources Worldwide, LLC	NRW Transfer	1290-000	25,000.00		52,362.12

Account					
	Balance Forward	27,362.12			
1	Deposits	25,000.00	0	Checks	0.00
0	Interest Postings	0.00	0	Adjustments Out	0.00
	Subtotal	52,362.12	0	Transfers Out	0.00
0	Adjustments In	0.00		Total	0.00
0	Transfers In	0.00			
	Total	52,362.12			

Page Subtotals: \$0.00 \$0.00

Form 2
Cash Receipts And Disbursements Record

Page: 4

Case No.: 23-90324

Case Name: MLCJR, LLC

Taxpayer ID #: **-*0875

For Period Ending: 10/31/2024

Trustee Name: Michael D. Warner (631470)

Bank Name: Metropolitan Commercial Bank

Account #: *****3772 DOJ Settlement Funds

Blanket Bond (per case limit): N/A

Separate Bond (if applicable): \$4,000,000.00

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
10/09/24		To Account #*****3772	Settlement Funds Transfer	9999-000	100,000.00		100,000.00

Account					
	Balance Forward	0.00			
0	Deposits	0.00	0	Checks	0.00
0	Interest Postings	0.00	0	Adjustments Out	0.00
	Subtotal	0.00	0	Transfers Out	0.00
0	Adjustments In	0.00		Total	0.00
1	Transfers In	100,000.00			
	Total	100,000.00			

Page Subtotals: \$100,000.00 \$0.00

Form 2
Cash Receipts And Disbursements Record

Page: 5

Case No.: 23-90324
Case Name: MLCJR, LLC
Taxpayer ID #: **-***0875
For Period Ending: 10/31/2024

Trustee Name: Michael D. Warner (631470)
Bank Name: Metropolitan Commercial Bank
Account #: *****3772 DOJ Settlement Funds
Blanket Bond (per case limit): N/A
Separate Bond (if applicable): \$4,000,000.00

Net Receipts:	\$27,606.24
Plus Gross Adjustments:	\$0.00
Less Payments to Debtor:	\$0.00
Less Other Noncompensable Items:	\$0.00
Net Estate:	\$27,606.24

<u>TOTAL - ALL ACCOUNTS</u>	<u>NET DEPOSITS</u>	<u>NET DISBURSEMENTS</u>	<u>ACCOUNT BALANCES</u>
*****9687 Checking	\$2,606.24	\$722,847.39	\$372,008.19
*****5635 Cash Collateral	\$25,000.00	\$0.00	\$52,362.12
*****3772 DOJ Settlement Funds	\$0.00	\$0.00	\$100,000.00
	<u>\$27,606.24</u>	<u>\$722,847.39</u>	<u>\$524,370.31</u>